

1984-85 to 1,161 today.⁵⁵ During the past fifteen years alone, with a relatively stable number of TV markets, the average number of full-power commercial TV stations per market has risen from 4.35 to 5.5, meaning that there are now five or six stations in a typical market that need spot advertising representation.⁵⁶ The biggest markets have far more; as the Commission noted in the PTAR Report and Order, in the top 50 markets the average number of commercial stations not affiliated with ABC, CBS or NBC has risen from 1.4 per market in 1970 to 5.6 per market in 1994.⁵⁷ Los Angeles now has a total of 18 (seven VHF and eleven UHF), and San Francisco a total of 16 (five VHF and eleven UHF), full-power commercial broadcast television stations on which national spot advertising can be sold.⁵⁸

Many broadcast stations prefer not to be represented by companies that represent their competitors, either directly or through a sibling or subsidiary company. When Katz announced its acquisition of Seltel, a number of advertising agency representatives expressed concerns to Katz and to the American Association of Advertising Agencies, the Television Bureau of Advertising and the Station Rep Associates about the possible

⁵⁵ Television & Cable Factbook, 1995.

⁵⁶ Nielsen Directory of Television Stations, 1979-80 and 1994-95 editions.

⁵⁷ PTAR Report and Order, ¶ 27.

⁵⁸ Nielsen Station Index, 1994-95 Directory at 26, 29.

conflict of interest and the potential for sharing of information between the two newly affiliated rep firms despite plans that the two parts of the company would be separately managed.⁵⁹ Indeed, upon learning that Katz had purchased Seltel, ABC affiliate WTNH in New Haven, Connecticut fired Katz because Seltel represented a competitive station in the same market.⁶⁰ This preference by some broadcasters not to be represented by rep firms or, in some cases, siblings of rep firms that represent its direct competitors may explain why a number of companies with multiple television stations elected to split their owned TV stations among multiple rep firms despite the presumed economies of scale that would result from the use of a single rep firm.

The potential for perceived conflicts has mushroomed over the past few years with the recent merger or consolidation of major rep firms that were formerly competitors. In 23 of the top 50 markets, a single national rep ownership group now represents two directly competing television stations. For example, in New York, Los Angeles and Chicago, Cox-owned HRP

⁵⁹ Inside Media, June 10, 1992, p. 20 (agencies "alarmed" and "concerned" that buyers would be disadvantaged by possible sharing of proprietary information between Katz and Seltel and by lessening of competition in the advertising rep business generally); Broadcasting, Jan 20, 1992, p. 64 (some Katz clients "tepid" about prospect of Katz buying competitor Seltel); Broadcasting, Jan. 13, 1992, p. 6 (reporting on speculation that Katz-Seltel merger would be held up by major Katz clients that might have been uncomfortable with the idea of dual representation).

⁶⁰ Broadcasting, April 13, 1992, p. 81; Electronic Media, April 13, 1992, p. 49; The Hollywood Reporter, April 10, 1992.

represents the NBC affiliate, while Cox-owned TeleRep, its sister firm, represents one of the independent stations. In Miami, HRP represents the Fox station, while TeleRep represents the ABC affiliate. In Washington, D.C. and Seattle, Washington, Katz represents the ABC station, while Seltel, which Katz now owns, represents an independent or unaffiliated station.⁶¹

In sum, absent undue network power over the national advertising marketplace -- and there is none -- it is anticompetitive to block the networks from entering a field now dominated by a shrinking set of major national rep firms serving an increasing number of stations per market. Enhancing representation options for stations would serve the public interest by increasing competition in the sales rep business. Such increased options would also allow stations a means of potentially increasing their revenues and thereby improving their ability to provide diverse and high-quality local programming to their communities of license.

⁶¹ Television Data Track, 3d quarter 1995, Table 7. As reported in 1994, "[t]he Katz/Seltel combination represents two different stations in each of more than 100 markets, something that was unheard of in the rep business through the early 1990s, where one-station exclusivity was the order of the day." Variety, Sept. 12-18, 1994, p. 72.

CONCLUSION

For the reasons stated above, Capital Cities/ABC urges that the Commission repeal both the network control of advertising rates rule and the network advertising representation rule. Under modern-day circumstances, these two rules are both unnecessary and counterproductive.

Respectfully submitted

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August 28, 1995

EXHIBIT A



THE EIGHT CAPITAL CITIES/ABC **MARKETS...KEYS FOR REACHING** **WAUSAU BUSINESS INSURANCE's** **TARGET AUDIENCE**

WABC/New York..KABC-TV/Los Angeles..WLS-TV/Chicago..WPVI-TV/Philadelphia
KGO-TV/San Francisco..KTRK-TV/Houston..WTVD/Raleigh-Durham..KFSN-TV/Fresno

a presentation for...

Donald Pom
Media Director
Cramer-Krasselt

presented by:
Dick Brehm
Account Executive
Chicago National Television Sales
312-899-4204

presented by:
Randy Gerstenblatt
Director of Marketing Sales
Capital Cities/ABC National Television Sales
212-456-6955

prepared by:
Arlette Akappo
Marketing Representative
Capital Cities/ABC National Television Sales
212-456-7848

Capital Cities / ABC National TV Sales

According to Leading National Advertiser/Mediawatch Multi-Media Service, **Wausau Business Insurance** spent approximately \$976,000 to reach its target audience during January through December 1994. The campaign's advertising allocation was as follows:

	<u>\$(000)</u>	<u>%</u>
• Magazines	580.5	31.6
• Network Television	1,109.3	60.5
• Cable Television Networks	145.4	7.9
• Estimated Total	\$1,835.2	

Designed to assist **Wausau Business Insurance** in its advertising and marketing campaign, this presentation will demonstrate the importance of using spot television as a key advertising medium to reach business decision makers. Spot television offers **Wausau Business Insurance** the flexibility to reach primary markets which contain high concentrations of potential customers and the greatest potential for increased sales and market share, especially in the eight owned Capital Cities/ABC station markets -- *New York...Los Angeles...Chicago...Philadelphia...San Francisco...Houston...Raleigh/Durham...and Fresno.*

This presentation includes:

- A listing of the Fortune 500 Corporate Headquarters in the Top 20 States
- Mapped locations of Fortune 500 Corporate Headquarters by Market
- County-by-County Composition of **Wausau Business Insurance's** Target Audience
- Key Market Distribution of **Wausau Business Insurance's** Target Audience.
- Network Television share of GRP Delivery Index vs. Category Development Index
- Cable Television Networks Average Weekly and Weekday Household Ratings versus those of the eight Capital Cities/ABC stations.

Wausau Business Insurance's target audience is Men 25-54 and Adult 25-54 business decision makers. Reaching these key decision makers in Fortune 500 Corporate headquarters markets is also important to **Wausau**. The following chart and map will show the high correlation among the Fortune 500 Corporate headquarters and the eight Capital Cities/ABC markets.

Fortune 500 Corporate Headquarters By States

Top 20 States

<u>Rank</u>	<u>State</u>	<u>1993</u>
1	California	48
2	Illinois	44
3	New York	43
4	Ohio	42
5	Texas	37
6	Pennsylvania	29
7	Connecticut	26
8	New Jersey	24
9	Michigan	22
10	Minnesota	18
11	Missouri	16
12	Massachusetts	14
13	Georgia	13
14	Virginia	13
15	Wisconsin	11
16	Indiana	10
17	North Carolina	9
18	Florida	8
19	Colorado	7
20	Alabama	5

Mediamark Research Inc. (MRI), a syndicated research source that provides qualitative data, reveals that **Wausau Business Insurance's** target customers do not blanket the total U.S. evenly -- **fifty percent** of these valuable customers reside in "A" Counties and **over fifty percent** are in the top ten markets.

"A" Counties - All counties belonging to the 25 largest metropolitan areas. These metro areas correspond to the SMSA (Standard Metropolitan Statistical Area) and include the largest cities and consolidated areas in the United States.

"B" Counties - All counties not included under "A" that are either over 150,000 population or in a metro area over 150,000 population according to the latest census.

"C" Counties - All counties not included under A or B that either have over 35,000 population or are in a metropolitan area of over 35,000 population to the latest census.

"D" Counties - Essentially rural counties in the Nielsen classification system.

50% Of Wausau Business Insurance's Male Target Audience is in "A" Counties

Men 25-54 In The Total U.S.

	Total M25-54	Top Management¹	Group/Property Insurance Decision Makers or Top Management²
	<u>%</u>	<u>%</u> <u>INDEX</u>	<u>%</u> <u>INDEX</u>
"A" Counties	43.30	52.59 121	49.21 114
"B" Counties	29.96	26.03 87	28.00 93
"C" Counties	13.57	11.40 84	11.81 87
"D" Counties	13.16	9.95 76	10.96 83
Top Ten Markets	33.55	41.63 124	38.35 114

¹Men 25-54 Top Management - Managers/Professionals who are President, Vice Presidents, Treasurer, Chairman of Board, Comptroller, General Manager, Partner with an IEI of \$35,000+

²Men 25-54 who are Top Management or directly involved in initiating, recommending, ordering or approving the purchase of Group/Property Insurance

**50% Of Wausau Business Insurance's
Adult Target Audience is in "A" Counties**

[REDACTED]

Adults 25-54 In The Total U.S.				
	Total A25-54 %	Top Management ¹ %	Group/Property Insurance Decision Makers or Top Management ² %	
	INDEX	INDEX	INDEX	
"A" Counties	42.95	54.23	49.50	115
"B" Counties	30.36	26.35	28.17	93
"C" Counties	13.45	11.09	11.76	87
"D" Counties	13.23	8.34	10.53	80
Top Ten Markets	33.58	42.56	37.37	111

¹ Adult 25-54 Top Management - Managers/Professionals who are President, Vice Presidents, Treasurer, Chairman of Board, Comptroller, General Manager, Partner with an IEI of \$35,000+

² Adult 25-54 who are Top Management or directly involved in initiating, recommending, ordering or approving the purchase of Group/Property Insurance

² Adult 25-54 who are Top Management or directly involved in initiating, recommending, ordering or approving the purchase of Group/Property Insurance

As shown, “A” Counties and the Top Ten Markets are key for reaching **Wausau Business Insurance’s** target audience. We will now analyze the correlation between the eight Capital Cities/ABC station markets -- New York, Los Angeles, Chicago, Philadelphia, San Francisco, Houston, Raleigh-Durham and Fresno as they relate to “A” Counties, the top ten markets and **Wausau’s** target audience.

We will demonstrate that over one-third of **Wausau’s** target customers can be reached in the eight Capital Cities/ABC station markets.

Over Thirty Percent of Wausau Business Insurance's Male Target Audience is in the Eight Capital Cities/ABC Station Markets

The eight Capital Cities/ABC station markets -- New York, Los Angeles, Chicago, Philadelphia, San Francisco, Houston, Raleigh-Durham and Fresno contain a large concentration of **Wausau's** male target audience. Over 30% of this valuable target audience resides in these key markets.

Men 25-54 In The Eight Capital Cities/ABC Station Markets

M25-54	Top Management¹		Group/Property Insurance Decision Makers or Top Management²	
<u>%</u>	<u>%</u>	<u>Index</u>	<u>%</u>	<u>Index</u>
26.66	34.41	129	30.68	115

¹Men 25-54 Top Management - Managers/Professionals who are President, Vice Presidents, Treasurer, Chairman of Board, Comptroller, General Manager, Partner with an IEI of \$35,000+

²Men 25-54 who are Top Management or directly involved in initiating, recommending, ordering or approving the purchase of Group/Property Insurance

Over Thirty Percent of Wausau Business Insurance's Adult Target Audience is in the Eight Capital Cities/ABC Station Markets

The eight Capital Cities/ABC station markets -- New York, Los Angeles, Chicago, Philadelphia, San Francisco, Houston, Raleigh-Durham and Fresno contain a large concentration of **Wausau's** adult target audience. Over 30% of this valuable target audience resides in these key markets.

Adults 25-54 In The Eight Capital Cities/ABC Station Markets

A25-54	Top Management¹		Group/Property Insurance Decision Makers or Top Management²	
<u>%</u>	<u>%</u>	<u>Index</u>	<u>%</u>	<u>Index</u>
26.61	35.14	132	30.10	113

¹ Adult 25-54 Top Management - Managers/Professionals who are President, Vice Presidents, Treasurer, Chairman of Board, Comptroller, General Manager, Partner with an IEI of \$35,000+

² Adult 25-54 who are Top Management or directly involved in initiating, recommending, ordering or approving the purchase of Group/Property Insurance

How Effective Is Network Television At Reaching Wausau Business Insurance's Target Customers In Key Markets?

Wausau Business Insurance allocated approximately 57% of its 1994 advertising budget to network television, which has the ability to provide an advertiser with national exposure in every U.S. market.

Spot television offers **Wausau** the flexibility to reach primary markets which contain high concentrations of potential customers and therefore the greatest potential for increased sales and market share.

The following Network-TV share GRP delivery index analysis based on **Wausau's** 2nd Quarter 1994 network schedule, demonstrates the relative effectiveness of network television in reaching Men 25-54 and Adults 25-54 in the eight Capital Cities/ABC station markets vs. the market category development indices. The category development index demonstrates the high category sales potential of the eight Capital Cities/ABC and the top ten markets overall.

Ideally, the network television schedule index should parallel that of its market potential index (i.e. CDI) based on the concentration of **Wausau's** target audience. As you'll see, the network share GRP delivery index in the eight Capital Cities/ABC station markets falls below the CDI market potential.

This indicates that network television may not be adequately reaching **Wausau's** target in these key markets and needs the support of spot television to be most effective.

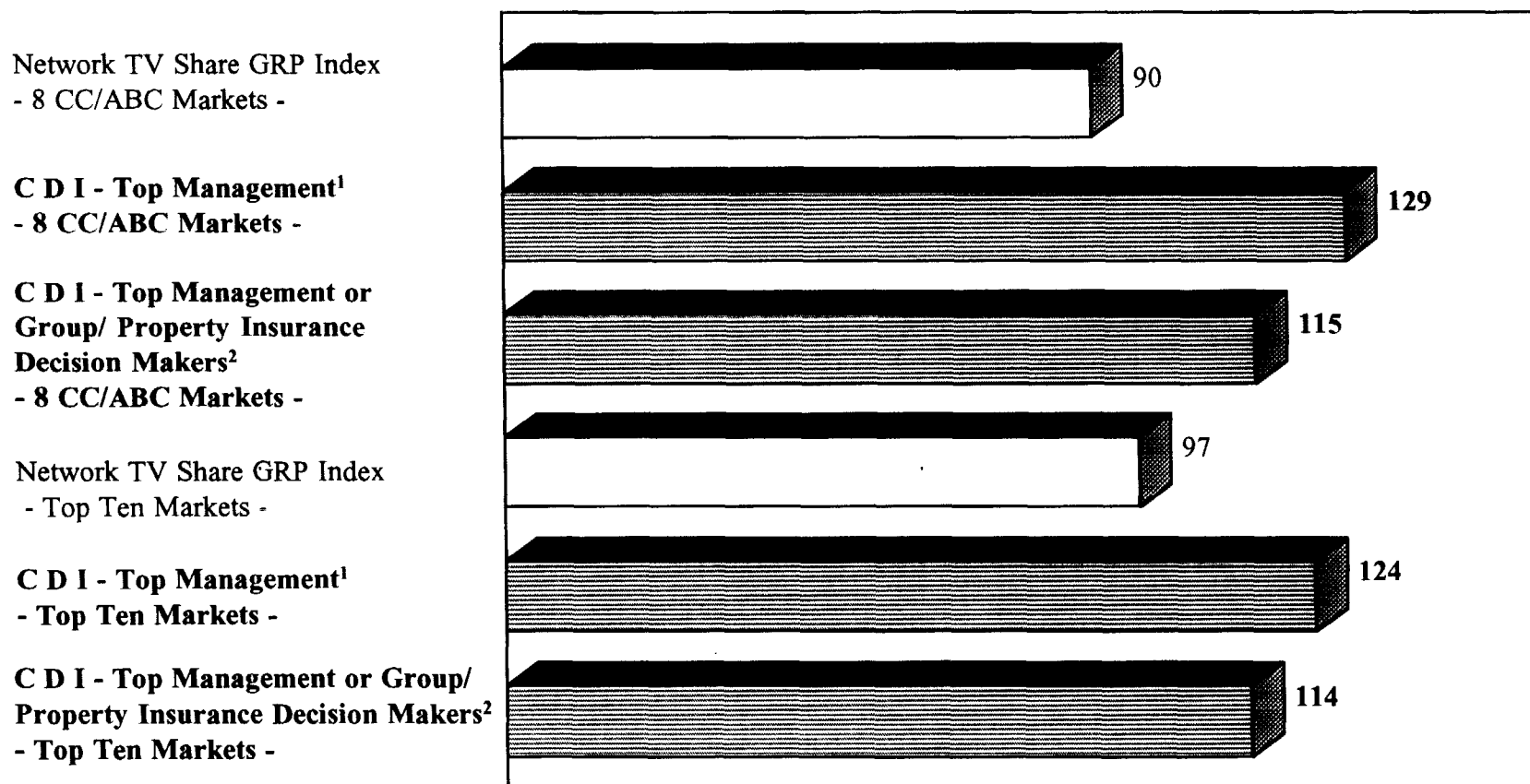
Category Development Index (CDI) - the percentage of total U.S. sales of a product category or a target audience in a given market related to its share of population.

Wausau Business Insurance

Network Share GRP Index vs. Category Development Index

2nd Quarter 1994

MEN 25-54



¹Men 25-54 Top Management - Managers/Professionals who are President, Vice Presidents, Treasurer, Chairman of Board, Comptroller, General Manager, Partner with an IEI of \$35,000+

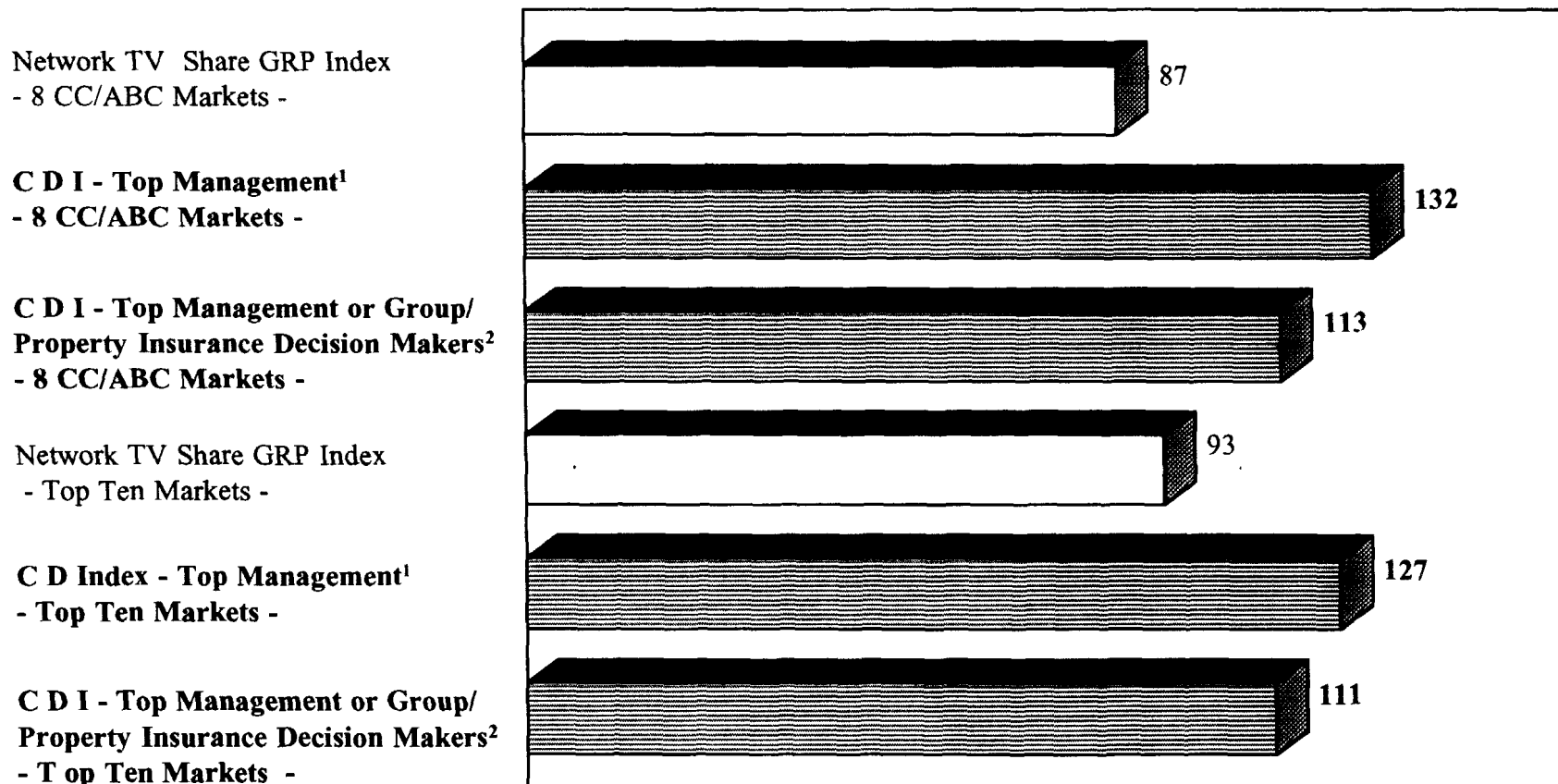
²Men 25-54 who are Top Management or directly involved in initiating, recommending, ordering or approving the purchase of Group/Property Insurance

Wausau Business Insurance

Network Share GRP Index vs. Category Development Index

2nd Quarter 1994

ADULTS 25-54



¹ Adult 25-54 Top Management - Managers/Professionals who are President, Vice Presidents, Treasurer, Chairman of Board, Comptroller, General Manager, Partner with an IEI of \$35,000+

² Adult 25-54 who are Top Management or directly involved in initiating, recommending, ordering or approving the purchase of Group/Property Insurance

How Effective are Cable Television Networks?

The advertising trade press point out that cable penetration is not an indication of cable viewing. While a large percentage of households receive cable, the viewing levels...and reach...are still quite low.

The following charts measure and compare the viewing levels of the eight Capital Cities/ABC stations and the cable networks by two key factors:

- Total TV Household Cumes -
measuring the total unduplicated quarter-hour viewing
within an average week Sunday through Saturday
7AM - 1AM

- Total TV Household Average Weekday Ratings -
measuring the average quarter-hour viewing within a
daypart in an average day.

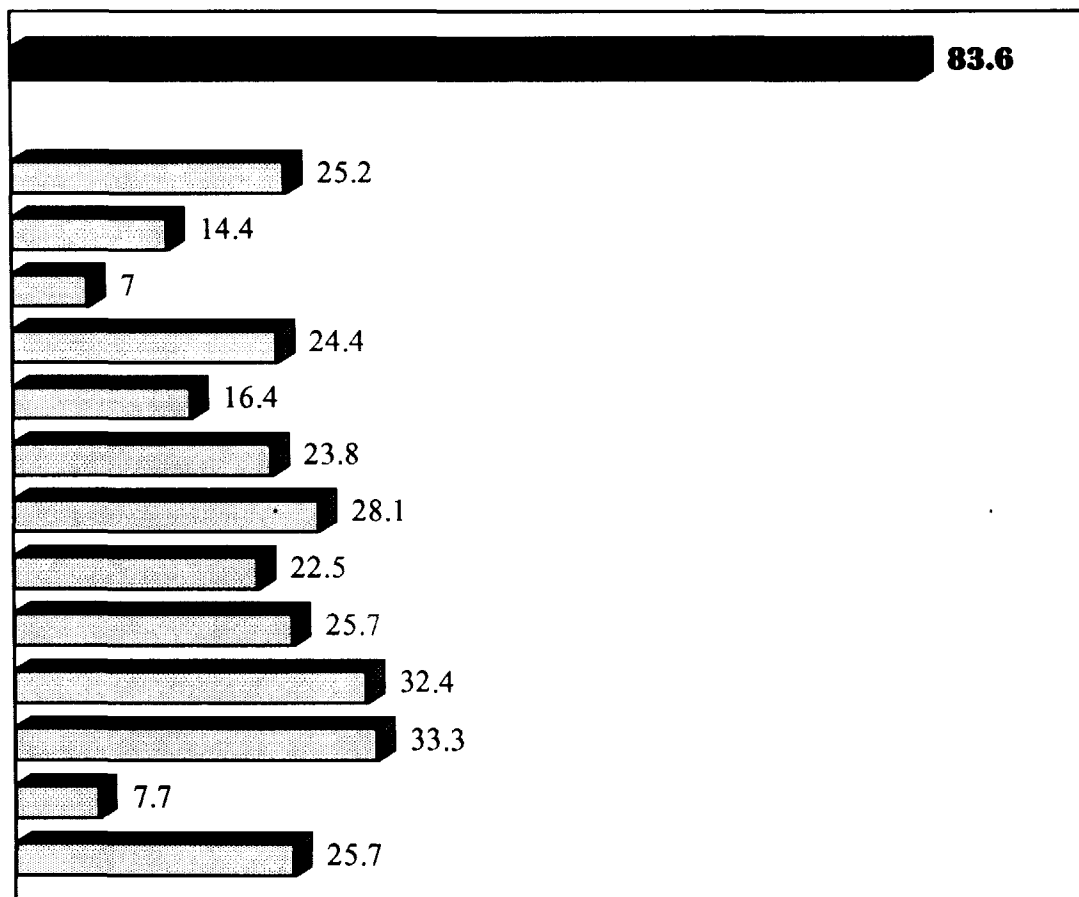
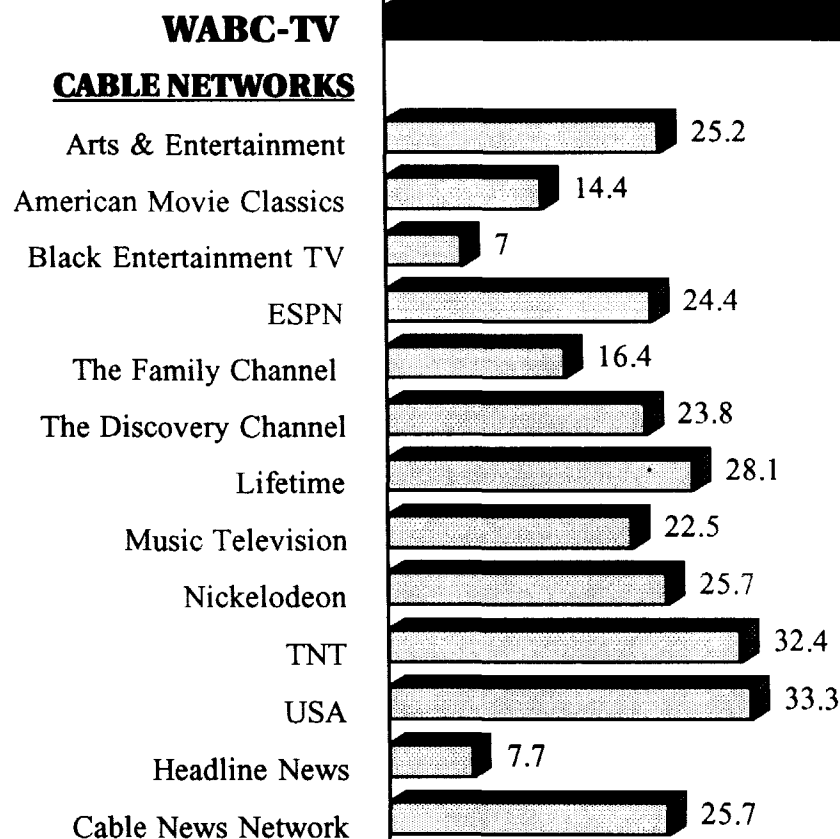
The result?....

Only the Capital Cities/ABC owned stations can effectively deliver these critical DMA's.

Wausau Business Insurance allocated 10% of its advertising budget to cable television networks....

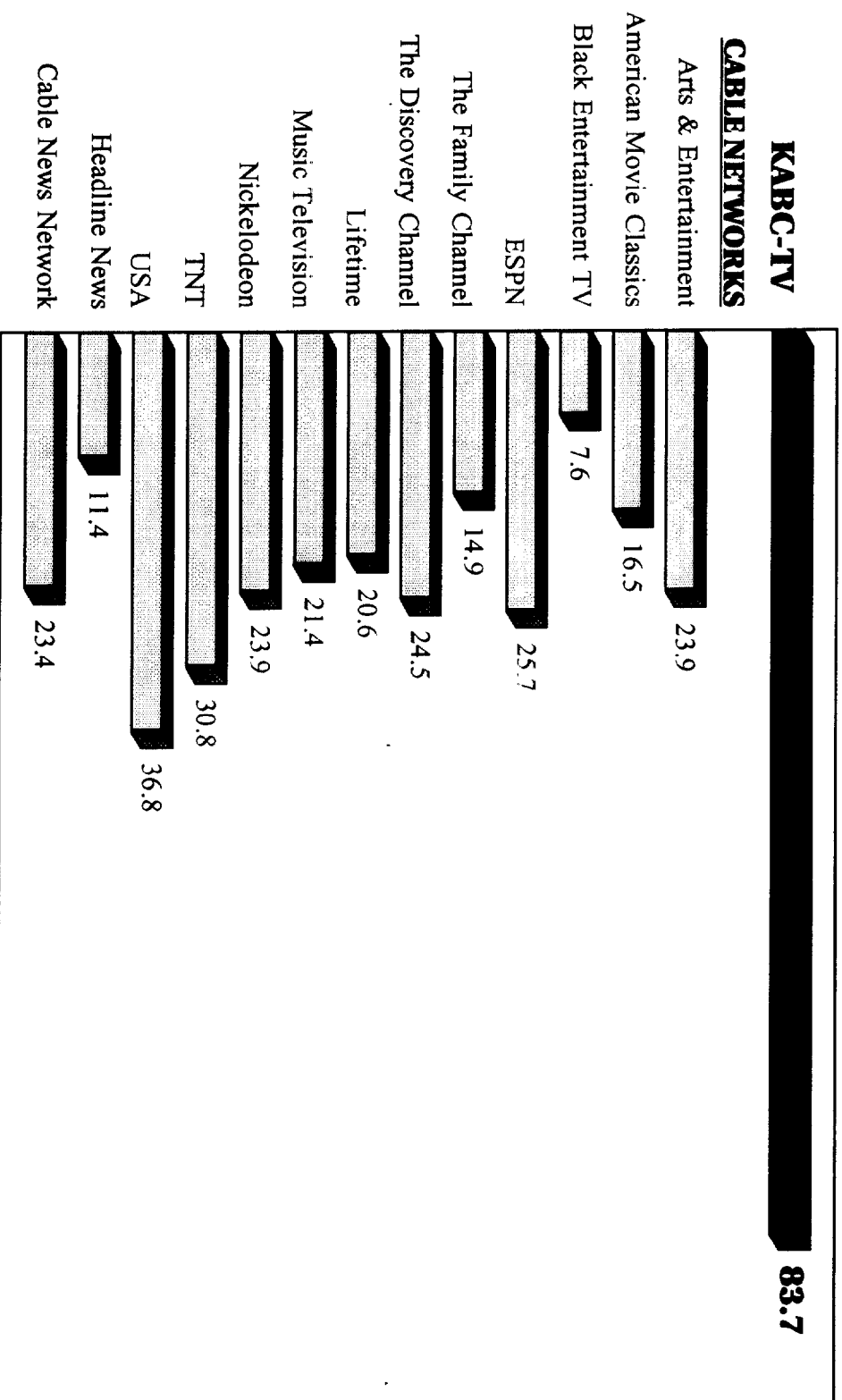
WABC-TV's & Ad Supported Cable Network's **% Total TV Household Cume** **-- New York --**

**M-SUN Sign-On To Sign-Off
TV Household Cume**



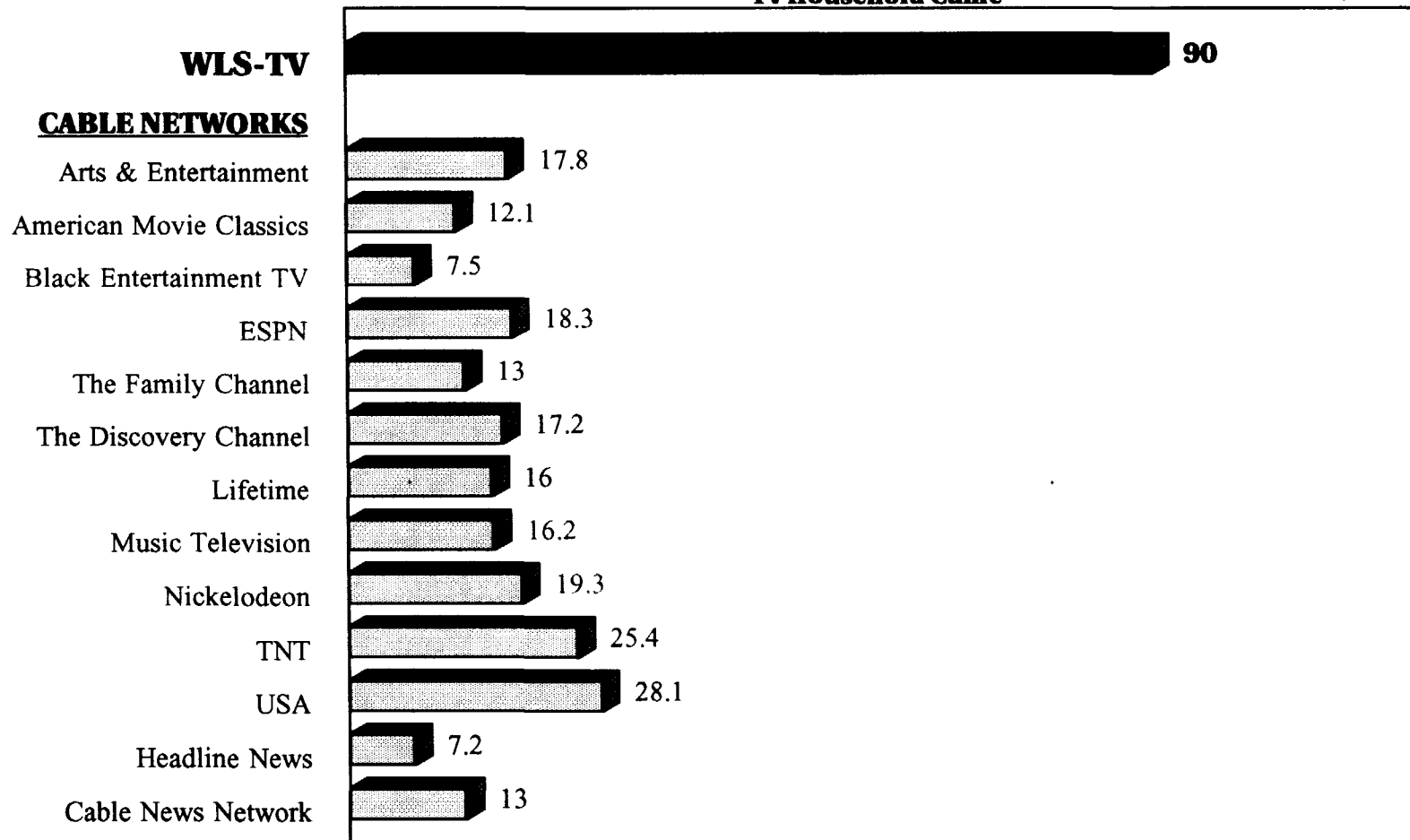
KABC-TV's & Ad-Supported Cable Network's % Total TV Household Cumes -- Los Angeles --

**M-SUN Sign-On To Sign-Off
TV Household Cume**



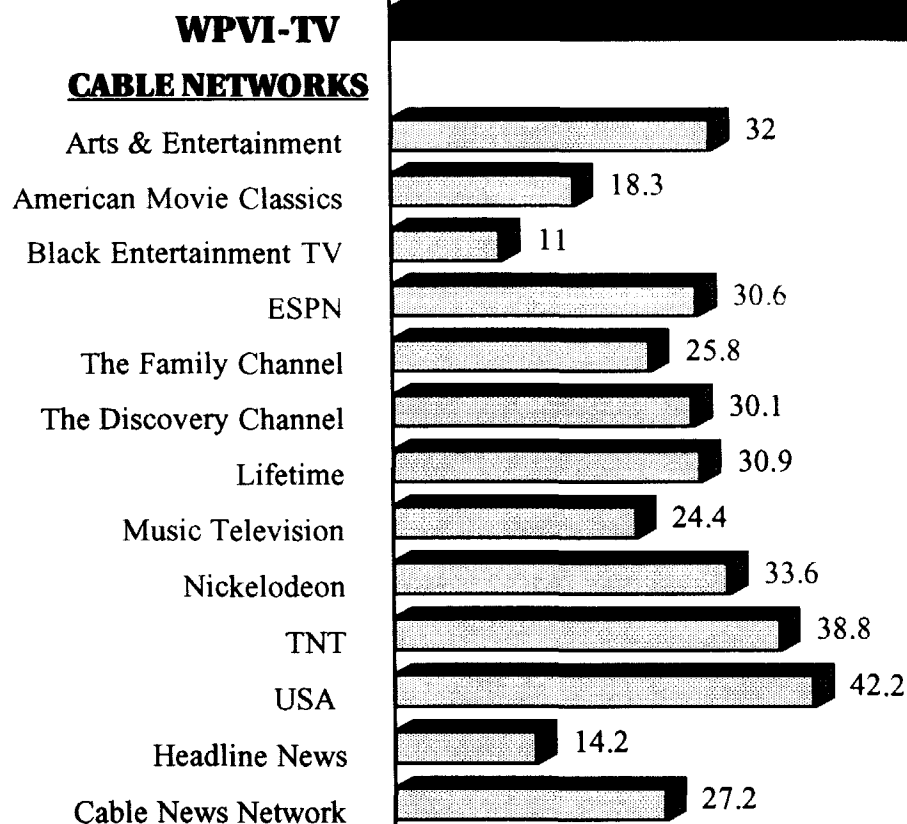
WLS-TV's & Ad Supported Cable Network's % Total TV Household Cumes -- Chicago --

M-SUN Sign-On To Sign-Off
TV Household Cume



WPVI-TV's & Ad Supported Cable Network's **% Total TV Household Cumes** **-- Philadelphia --**

**M-SUN Sign-On To Sign-Off
TV Household Cume**



KGO-TV's & Ad Supported Cable Network's % Total TV Household Cumes -- San Francisco --

M-SUN Sign-On To Sign-Off
TV Household Cume

